



Executive Summary

THIS ANNUAL PUBLICATION contains long-term population, labor force, employment, and personal income projections for Washington State. The labor force and employment projections are jointly prepared by the Office of Financial Management (OFM), Forecasting Division, and Employment Security Department, Labor Market and Economic Analysis Branch. The forecast horizon extends from 1999 to 2020. The medium-term forecast for the 1999-2001 period is consistent with the November 1999 Economic and Revenue Forecast Council official state economic forecast.

In contrast to the short-term economic forecasts that focus on assessing business cycle conditions, long-term projections examine demographic trends, structural changes in industries, changes in production factors such as labor supply and capital investment, and technology/productivity advancements.

Washington Population, Labor Force, Employment, and Income

	Population (1,000)	Labor Force (1,000)	Employment (1,000)	Per Capita Income (1999\$)
1970	3,413	1,417	1,080	16,236
1980	4,132	1,985	1,609	21,020
1990	4,867	2,537	2,142	24,053
2000	5,821	3,144	2,678	29,901
2010	6,603	3,650	3,084	34,377
2020	7,496	3,965	3,461	39,415

Population

- **Washington's population will increase 30 percent by the year 2020.** In 1999, about 5.8 million people lived in the state. The state population is expected to increase 1.7 million over the next two decades, reaching 7.5 million by the year 2020.
- **Aging of the population will be the most important demographic phenomenon in the next few decades.** In 1999, 11.4 percent of the Washington population was age 65 and over. By 2020, this age group is projected to account for 16.2 percent of total state residents. Most of the increase in the elderly population will take place during the 2010-20 period, when the Baby Boom generation starts entering this age group.

Labor Force

- **Washington's total labor force will increase 28 percent between 1999 and 2020.** This amounts to a gain of 865,800 workers, from 3.10 million in 1999 to 3.96 million by the year 2020.
- **The labor force participation rate will be lower in 2020 than it is today.** In 1999, the labor force participation rate in Washington was 72.2 percent; the rate is projected to decline to 69.0 percent by 2020. Most of the decline will occur during the 2010-20 decade when a large portion of the Baby Boom population shifts into the retirement age.
- **Washington's labor force will become more diversified in terms of age, sex, racial, and ethnic compositions.** By 2020, nearly half of the Washington labor force will be female. Workers over age 55 are projected to represent about 20.5 percent of all state workers in 2020, nearly doubling the 1999 share. Share of nonwhite workers in the state labor force is expected to rise from 11.9 percent in 1999 to 15.2 percent in 2020.

Employment

- **Between 1999 and 2020, 812,700 jobs will be added to the Washington economy.** Wage and salary employment in the state is expected to increase at an average annual rate of 1.3 percent over the next two decades, from 2.65 million in 1999 to 3.46 million by 2020.
- **Most of the projected employment growth will be in retail and services industries.** From 1999 to 2020, trade and services are predicted to account for about two-thirds of total job increase in the state. Employment in the state's goods-producing sectors (i.e., manufacturing, mining, and construction) will increase at a slow pace due mainly to the anticipated productivity growth. The share of total state jobs in these good-producing sectors will drop from 19.6 percent in 1999 to 15.8 percent by 2020.
- **Washington's economy will become increasingly diversified.** For decades, state employment was highly concentrated in defense, aerospace, and timber industries. Booms and busts in these industries frequently would induce the same conditions in the overall state economy. The growing importance of trade and services employment in the future will lead to more diversified and stable economic growth for Washington.

Personal Income

- **Washington's total personal income will increase 74 percent between 1999 and 2020.** In 1999 dollars, total personal income in Washington amounted to \$170.2 billion in 1999, and is projected to reach 296.8 billion by 2020.
- **Per capita income in Washington will remain above the national average.** In 1999, per capita income in the state was estimated at \$29,422, about 7.1 percent above the national

average. The projected state per capita income in 2020 will be about one-third higher than the 1999 level, and 5 percent above the forecasted national average.

